
The background of the title section is a photograph of a rural landscape. In the foreground, several black and white cows are grazing in a green field. In the middle ground, there is a body of water, possibly a lake or a wide river. In the background, there are rolling hills under a sky with scattered white clouds.

Farm and Town Empowerment Plan

U.S. Senator Rod Grams

July 2000

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Farm and Town Empowerment Plan

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As one who grew up on a dairy farm and experienced all the joys of farming, the good years as well as the bad, I can relate to the concerns of farmers throughout Minnesota. Since being elected to the United States Senate I have held countless meetings with farmers, rural lenders and small business owners to discuss issues facing agriculture and the rural economy. On numerous occasions I have taken suggestions from these meetings and introduced legislation to address the needs of Minnesota's farmers.

It is no secret that many factors contribute - or subtract - from a producers bottom line. Not only does this include prices and input costs but taxes and regulatory issues. The 1996 Farm Bill was not the end of the transformation in agriculture policy, only the beginning. It is also important that farmers stress marketing and risk-management in addition to production. A number of initiatives outlined in my Farm and Town Empowerment Plan have already been introduced or are pending in Congress. Others are issues which must be addressed for the long-term vitality of family farmers and rural Minnesota.

It is not enough to just define the issues. Congress and the Administration must take bold and decisive steps to address both the short-term and long-term issues facing the agriculture sector.

Rural Policy Task Force

We need to take a comprehensive look at the future of rural Minnesota – including its farms, its businesses and its communities. The best perspective on these issues comes from Minnesotans, and that is why I have formed my **Rural Policy Task Force**. This task force consists of Minnesotans from across the state, including farmers, businesspeople, educators, lenders, health care providers, and local elected officials. Their charge is to forward policy recommendations which may be incorporated into federal legislation.

In addition to the 2002 farm bill, the task force will consider issues related to business development and retention, providing access to affordable and quality health care, reducing the tax burden for rural businesses and farmers, tackling the digital divide and preventing crime in rural areas.

Instead of having directives imposed on them from Washington, those who live and work in rural America should lead the way in crafting proposals that will improve their quality of life. There are challenges facing rural Minnesota but there are also opportunities. By engaging in this debate, rural Minnesota will be in a stronger position in the years to come.

Marketing Assistance Loans

- I have introduced legislation (**S. 1635**) which would extend the term of Commodity Credit Corporation (CCC) Marketing Assistance Loans to thirty-six months and allow the Secretary of Agriculture to extend them for an additional nine months. This will introduce more uncertainty in the marketplace and provide producers more flexibility in choosing when best to release their commodities in order to achieve the highest price.
- Congress should also look at adjusting commodity loan rates. This must be done in a manner which does not lead to crop surpluses or distortion of market forces.

Loan Deficiency Payments

I have introduced the **Loan Deficiency Flexibility Act (S. 2332)** which provides farmers greater flexibility when utilizing loan deficiency payments (LDPs). Farmers in Minnesota and other northern states have questioned the timing when it comes to being able to utilize the LDP and states farther south are able to begin harvest before Minnesota farmers, therefore “locking in” a more favorable LDP. Although there is no guarantee that the LDP will be better in the late summer versus the fall, this would afford our farmers the chance to evaluate the markets and base their decision on what best fits their management plan.

Farmers must be afforded this additional option of “locking in” their LDP at an earlier date based upon their estimated yield. My proposal would do the following:

- Establish an earlier, more flexible, starting date when all producers would have the option of locking in that day’s LDP. He or she would be able to do so once throughout the duration of the harvest season.
- Allow a producer to LDP up to 85% of his or her actual yield on the day of their choosing.

Proposed National LDP Rate

The United States Department of Agriculture has been considering a national LDP rate structure. Such an approach is not market-orientated and is likely to result in pricing distortions. I have met with numerous producers who feel a structure based on regional terminals would be

better than a national LDP, which would have a negative impact on their bottom line. I have contacted Secretary Glickman and urged him to implement an LDP rate that does not place Minnesota farmers at a disadvantage.

Income Averaging for Agriculture Related Businesses

Retailers and local businesses are also impacted by a downturn in the agricultural economy and there is a need to address these concerns as well. As a result of conversations with implement dealers, lenders and other frontline agriculture businesses I have proposed legislation (**S. 1860**) implementing three-year income averaging for small agricultural related businesses. This is consistent with the income averaging proposal for farmers noted below.

Agricultural Tax Relief

In the next decade there will likely be a massive transfer of farm land to the next generation and farm families may be forced to sell property or equipment just to pay inheritance taxes. We certainly do not need government discouraging new farmers. Without changes in inheritance taxes many farms may be sold to absentee owners or large-scale operations. Targeted tax relief would have an immediate and dramatic impact on the bottom line of Minnesota's farmers. Unfortunately, a number of the measures included in my **Farmer Tax Relief Act (S. 1861)** have been passed by Congress but vetoed by the President. My legislation:

- Raises the effective exemption from estate taxes to \$5 million and raises the gift tax exemption to \$25,000.
- Accelerates the 100% deductibility of health insurance premiums for family farmers.
- Authorizes Farm and Ranch Risk Management (FARRM) Accounts.
- Requires the United States Department of Agriculture (USDA) to place a high priority on projects that encourage the creation of farmer-owned facilities that process value-added agricultural products.
- Restores a tax exemption for value-added, farmer-owned cooperatives and extends declaratory judgment relief for the cooperatives affected by an IRS ruling.

- Increases to \$3,000 the threshold amount that triggers when a farmer and employed farm worker would have to pay payroll taxes.
- Gives the USDA discretion to use funds for rural development technical assistance.
- Exempts from the Alternative Minimum Tax (AMT) certain income from unincorporated farms.
- Includes a “reach back” provision which allows farmers to pull income from good years into a current down year.
- Excludes from gross income up to \$350,000 of capital gains from the transfer of property.
- Ensures that farm landlords are treated the same as small business people by removing the requirement that they pay the self-employment tax on cash rent income.
- Amends the tax code to treat lands which are contiguous to a principal residence and farmed for five years before the sale of the principal residence as part of such residence.
- Emphasizes market development education and technical assistance to operators of small and medium sized farms. This is in addition to production assistance under the Rural Development Act.
- Requires USDA to explore new marketing avenues such as direct farm-to-consumer markets, local value - added processing and farmer-owned cooperatives.

Farm Service Agency Staffing

It is critical that adequate funding for Farm Service Agency (FSA) staff at the county level be a high priority for USDA. Although there is usually room for increased efficiency in any government program, the past restructuring efforts of Congress were never intended to diminish the service provided by these “frontline” employees.

The problem of inadequate staffing is particularly acute in Minnesota, and producers are simply not getting the timely service and information they need to make fully informed business decisions. Moreover, FSA county employees are working long hours without additional

compensation in order to mitigate problems caused by the staffing shortfall.

This problem must be addressed now either through reprogramming of fiscal 2000 funds at FSA or through a supplemental request. I contacted President Clinton and Secretary Glickman to urge them to address this situation immediately or in the President's FY 2001 proposed budget so that producers will receive adequate service at the county level as soon as possible.

Another FSA issue impacting producers is the opportunity to continue using FINPACK, the farm financial planning and analysis software developed by the University of Minnesota. Though the USDA is attempting to terminate use of this popular tool in FSA offices, I am working to ensure that FINPACK remains an important tool for producers.

Access to Foreign Markets

As agriculture continues to evolve we must remember the importance of free and fair trade. Exempting agriculture from all unilateral sanctions has been one of my long-time priorities.

- The Senate Foreign Relations Committee recently passed legislation that includes the **“Food and Medicine for the World Act”**, which would exclude food and medicine from current and future unilateral sanctions, including Cuba. This bill is also attached to the House and Senate agriculture appropriations bills, although use of ag credits is not included. Passage this year, including an amendment to authorize use of ag credits, remains a high priority for me.
- I am pleased removal of agriculture barriers will be a top priority at the World Trade Organization's (WTO) multilateral trade negotiations beginning in 2001. I am a member of the WTO Farmers and Ranchers Caucus to help agriculture achieve its goals in these negotiations.
- The China WTO agreement will expand opportunities for Minnesota farmers. In addition, I strongly support Permanent Normal Trade Relations with China to make that market more stable, and oppose **S. 2645**, which imposes sanctions against China, and would cause China to retaliate against U.S. agriculture sales.

- I support the International Monetary Fund (IMF), the new African trade law, debt relief for the poorest countries, and other efforts to restore economic growth in other nations to ensure farmers will have maximum export opportunities.

Access to Domestic Markets

It is just as important that we provide Minnesota farmers access to markets within the United States. We must revisit antiquated policies which at one point may have made sense but due to improvements in technology and transportation no longer address the situation they were originally intended to address.

I am a co-sponsor of the **New Markets for State-Inspected Meat Act (S. 1988)** which would repeal the prohibition of the interstate shipment of State inspected meat products and establish a seamless inspection system relating to meat and poultry products. Minnesota presently has 15 plants under continuous inspection which are processing approximately 150,000 pounds of inspected product each month. Since state inspection programs currently must meet, or exceed, federal standards repealing this prohibition would have a direct impact on domestic market access for Minnesota producers.

Infrastructure

Whether farmers are shipping their commodities via water, rail or highway a modern infrastructure is key in maintaining a competitive advantage. Our farmers need trucks, trains and barges as transportation options or they risk losing market share to aggressive foreign competitors. That is why I support repeal of the **Jones Act**, which would lower shipping costs for farmers.

The leadership that Minnesota farmers enjoy in world grain markets is reflected in the efficiencies provided by the Upper Mississippi River System. It is estimated that 100 million tons of cargo move down the Mississippi River annually. Currently, 85% of the existing system is ten years older than its design life and therefore must be modernized.

This year the Army Corps of Engineers will make recommendations on how to manage the river for the next 50 years. It will also determine the economic and environmental impacts of our locks and dams on the

Upper Mississippi. It is important that these recommendations recognize the river needs to be managed for recreational, environmental, commercial and navigational purposes.

Our rail system and highways also play key roles in not only moving Minnesota's agricultural products to the nation and the world, but ensuring access to health care, housing and jobs. Everyone has a stake in a vibrant rural economy and it is vital that Congress and the Administration work with rural communities to ensure that a modern and efficient infrastructure remains in place.

Market Concentration

Market concentration is an issue which is not unique to agriculture. However, there are legitimate concerns among farmers over market concentration and the prospect of non-competitive behavior between packers and retailers. There are also questions as to the impact of contracts on the "spot" market, which is the base for prices paid to producers under various contracts. These questions must be answered in a thorough and deliberative manner in order to construct a balanced agricultural policy.

- The Department of Justice has the authority to review these matters and has announced it is stepping up its investigations. Congress must use its oversight authority to ensure that the Justice Department fully utilizes its existing authority to conduct vigorous, yet fair, investigations into these matters.
- A General Accounting Office (GAO) analysis I requested in three main areas, farm-to-retail price spreads, implications of market contracts and captive supplies, and anti-trust concerns including non-competitive pricing, has been released. The report noted inadequacies in USDA's price reporting, which should be remedied by mandatory livestock price reporting legislation recently passed by Congress. Copies of this report are available by contacting my Washington, D.C. or Minnesota office as listed on the back of this booklet.
- I am a co-sponsor of legislation (**S. 1984**) which establishes within the Antitrust Division of the Department of Justice a position with responsibility for agricultural antitrust matters.

- Mandatory livestock price reporting language was included in the FY 2000 Agricultural Appropriations bill. This provision provides for information that can be readily understood by producers, packers, and other market participants. This includes pricing, contracting for purchase, and supply and demand conditions information as it pertains to livestock.

In addition, this section improves the price and supply reporting services of the USDA and encourages competition in the marketplace for livestock and livestock products.

Regulatory Reform

The vast majority of farmers are excellent stewards of the land, yet time and again I have heard how the expense of excessive federal regulations contributes to the erosion of their bottom line. It is important that we protect the environment and prosecute those who do not play by the rules. By addressing these concerns we can also enhance the profitability of our farmers. The following actions should be taken:

- Immediate passage of the **Regulatory Improvement Act of 1999 (S. 746)** is essential. This legislation, of which I am a co-sponsor, provides for the analysis of major rules and promotes the public's right to know the costs and benefits of proposed federal regulations.
- Congress must utilize its oversight authority to ensure federal agencies use sound science and actual data in making determinations regarding pesticides and other inputs used by American farmers. Decisions must not be made on worst-case assumptions and that is why I co-sponsored the **Regulatory Openness and Fairness Act (S. 1464)**, which mandates a more open and responsive process.
- As we continue the debate over environmental issues surrounding agriculture it is important that we maintain a constructive dialogue. In the event the Environmental Protection Agency (EPA) proposes science-based regulations regarding pollution and feedlots we must be ready to work with state and local governments to ensure that family farmers are not unfairly harmed financially. One alternative is to assist these producers during a compliance upgrade by block granting funds from existing programs to the state to assist in the transition.

Total Maximum Daily Loads

Farmers across Minnesota have expressed their concern to me with the EPA's new rules on Total Maximum Daily Loads (TMDLs). This proposal is being forced on producers even though mountains of evidence suggest it is unwarranted and will be excessively burdensome.

- In February, I offered testimony before the Senate Agriculture Committee in opposition to the new rules, and in March, I wrote to EPA Administrator Carol Browner asking her to withdraw the controversial rules.
- I have co-sponsored **S. 2417**, legislation that would delay these rules for at least 18 months so a study can be completed on the scientific merits. In addition, there is language in a related appropriations bill to eliminate funding for this rule. I will continue to stand with Minnesota farmers in opposition to these burdensome TMDL rules.

Pesticide Harmonization

Another issue of great concern to farmers, particularly those who live in northern states such as Minnesota, is pesticide harmonization. There are currently a number of pesticides available in both the United States and Canada but, due to EPA regulations and patent law, are more expensive for U.S. producers to use in their fields. This has a direct impact on a farmer's "bottom line" because it raises his or her input costs. Although there are a number of arguments for and against harmonization, it is an issue that must be addressed by Congress and the Administration.

- I am working to level the playing field for Minnesota farmers by co-sponsoring legislation (**S. 1229**), which would allow a state, on its own initiative or upon request from an agricultural producer, to register a foreign pesticide for distribution.

Conservation Reserve Program

Congress needs to look toward a short-term option that allows for greater flexibility under the Conservation Reserve Program (CRP). This would allow farmers the option of placing land into a shorter-term

easement in order to recover from disease, drought or depressed prices while not forcing them to place their land out of production for too long a period of time. Among the options we should consider:

- Expand the CRP program to 45 million acres. A portion of these additional acres would be eligible for flexible easements.
- Allow for 3-5 year flexible easements that enable farmers to plant certain cover crops or biomass crops with a decreased CRP payment to compensate for any revenue captured.
- Allow for the planting of certain woody crops, such as poplar, which have a longer growing cycle but leave the land idled for a number of years. Such a program would keep land idled for a minimum of eight years while providing a unique habitat for wildlife. It would also promote growth of a renewable resource usable in diverse markets.

In addition, I have cosponsored legislation (**S. 2344**) that would prevent the Internal Revenue Service (IRS) from collecting self-employment taxes from CRP payments. A recent court decision would allow the IRS to retroactively collect 15.3% of a farmers income from CRP rental payments going as far back as 1996.

At a time when many in agriculture are struggling, it is ridiculous that the IRS would be in court attempting to force new taxes on farmers. Congress never intended for CRP payments to be subject to self-employment taxes and the IRS has no right taking this money from farmers. I am committed to reversing this ruling.

Crop Insurance

Participation in the federal crop insurance program has increased from 10% of eligible acres in 1980 to roughly 70% in 1999. This is encouraging, but there is still the need to increase participation in the program. That is why recent passage of the **Agricultural Risk Protection Act of 2000 (Public Law 106-224)** was an important step in providing farmers the necessary risk-management tools to manage their operations.

I am pleased this legislation, which Congress passed and the President signed into law, contains a number of my initiatives and is based on my

original **Crop Insurance Reform Act**. Crop insurance remained one of the unfinished agenda items of the 1996 Farm Bill, and was not working as a risk-management tool. As one who took an early leadership role on this issue and has worked on it for years, I am pleased my colleagues in the House and Senate have worked with me on this legislation.

In early 1998, I formed my Crop Insurance Advisory Committee to tackle the issue of crop insurance reform. This committee consisted of individuals from throughout Minnesota and a broad range of the agriculture sector. Working with these producers, rural lenders, economists and other stakeholders, we fashioned a bill that would encourage more participation in the program. It also encouraged producers to buy higher levels of coverage and reduced instances of “moral hazard” to keep producer premiums lower while at the same time maintaining the integrity of the program.

I first introduced my crop insurance bill in the 105th Congress, and am pleased much of this original legislation was incorporated in the recently passed law. This includes pilot programs that offer producers premium discounts for using whole farm units or one crop units of insurance, and allowing them to cross state and county boundaries to form insurable units. In addition, a pilot program permitting farmers to base their price election upon a futures price was also included.

After three years of hard work and compromise we have passed legislation which balances the needs of farmers and taxpayers and takes a major step toward completing the agenda of the 1996 Farm bill.

Dairy Policy

The 1996 Farm Bill required the Secretary of Agriculture to consolidate milk marketing orders and propose an alternative pricing structure more reflective of market dynamics. Although this was done, regional interests in Congress reversed this reform and imposed “Option 1A,” a pricing scheme that continues to discriminate against the Upper Midwest.

There is no room for regional politics in federal dairy policy and I will continue to promote legislation which will allow Midwest dairy

farmers to compete in a fair and equitable market and oppose legislation which harms Minnesota's dairy farmers. Although I was successful in securing \$500 million dollars for dairy relief in the FY 2001 Budget Resolution, I continue to explore avenues that will provide additional policy alternatives in the dairy debate.

- Because Minnesota's dairy farmers continue to be victims of regional politics I have introduced legislation entitled **Freedom to Milk (S. 1930)**, which will abolish the Milk Marketing Orders and the current antiquated price structure. Under deregulation Midwestern farmers would compete on a level playing field.
- I have also introduced the **Dairy Fairness Act (S. 916)**, which would repeal the unfair and market distorting Northeast Dairy Compact.
- My **Dairy Reform Act (S. 917)** would establish a minimum Class I differential of \$1.80/hundredweight for each marketing area subject to a federal order. No longer would the Class I differentials vary according to arbitrary geographic designations.

Value-Added Initiatives

Each spring farmers return to the field with renewed optimism for good yields, expanded markets and better prices. However, one of the many factors impacting their bottom line is the escalating cost of inputs, including the price of fuel. As a member of the Senate Renewables and Energy Efficiency Caucus I have worked to ensure that agricultural products are getting maximum usage as alternative fuels. I have long been a critic of the United States Department of Energy's (DOE) failure to reduce our reliance on foreign oil and increase our nation's energy independence. A vital part of this plan must be greater use of home-grown, renewable energy sources.

- I am an original co-sponsor of **Senate Resolution 263**, which calls on both the Administration and Congress to undertake steps that will lead to a long-term reduction of U.S. reliance on foreign sources of energy.
- In response to current high fuel prices Congress is considering legislation (**S. 2808**), which I have co sponsored, that provides a temporary suspension of the 18.3 cents per gallon federal gas and 22.4

cents per gallon federal diesel fuel taxes. Those of us in the Senate who are proposing this solution have worked to ensure that the Highway Trust Fund is protected with non-Social Security surplus funds.

- Because of environmental concerns with Methyl-Tertiary-Butyl-Ether (MTBE), some in Congress have been calling for the complete elimination of the oxygen standard in the Reformulated Gasoline (RFG) Program. I have joined several of my Senate colleagues in highlighting the need for President Clinton to maintain the oxygen standard in the RFG Program.

- As a result of our request to maintain the oxygen standard, and look to ethanol to fill the void left by MTBE, the Administration has announced plans to phase out this oxygenate by 2003 and boost the use of cleaner-burning ethanol.

In addition, the government has created incentives to produce ethanol, the usage of biodiesel and other agriculture based alternative fuels. We must be more aggressive in promoting their usage, as well as leveling the playing field for small farms. I continue to work with a number of my colleagues in the House and Senate to ensure family farmers have the opportunity to compete with other sectors of the agriculture economy, and I have co-sponsored two bills that will enable producers to capture more of the consumer's dollar for the commodities they produce.

- **The Value-Added Development Act for American Agriculture (S. 2745)** would provide technical assistance for producers to start value-added ventures. States would have the opportunity to apply for \$10 million grants to start Agriculture Innovation Centers, which would utilize federal funds to help farmers finance new value-added initiatives.

Assistance would include: engineering, legal services, applied research, scale production, business planning, marketing, and market development. Funds would be provided to farmers through grant requests, which would be evaluated at the state level.

- I am also an original co-sponsor of **The Farmers' Value-Added Agricultural Investment Credit Act (S. 2746)**. This legislation

would grant a 50% tax credit to farmers who invest in cooperative, producer-owned, value-added ventures. Producers could take a credit of up to \$30,000 per year for six years.

Agricultural Research

I have always been a supporter of long-term basic research and I look forward to working with producers and the State of Minnesota in identifying research partnerships. It is important that we continue to develop varieties which will resist disease, drought and other natural enemies. I have worked to increase funding to eliminate diseases such as Wheat Scab, which has devastated the agricultural economy of northwest Minnesota.

Minnesota is a leader in biotechnology and finding new uses for our commodities. Agricultural research will continue to be a top priority for me.

Access to Quality Health Care

As a member of the Senate Rural Health Caucus I know how important access to quality health care is to people throughout Minnesota, and the United States. The issues facing rural health care can be summed up in two words; reimbursement and regulation. Under the **Balanced Budget Act of 1997**, lower reimbursement levels and more regulation were forced onto health care facilities in order to achieve so-called savings within the Medicare system. I voted against this legislation primarily because of its impact on rural hospitals, long-term care facilities and home health care agencies.

Some states, including Minnesota, continue to be penalized for being efficient when it comes to health care delivery. Minnesota's health care sector is disadvantaged by an unfair Medicare payment structure that provides higher reimbursement to other regions of the country. Almost half of Minnesota's smaller hospitals rely on over 50% of their revenues from Medicare, yet continue to be placed at a disadvantage by an unfair payment formula. This indicates there is a need for structural changes to a Medicare program which has served our country well over the past 35 years, but is now in need of reform.

- The **Balanced Budget Refinement Act of 1999** was a first step in correcting the problem of reduced reimbursement for Medicare, Medicaid, and State children's health insurance programs impacted by the Balanced Budget Act of 1997. This legislation also authorizes Critical Access Hospitals (CAH), a designation that will assist communities in positioning their hospitals to efficiently deliver care. Minnesota currently has two such facilities, with another three working with the Minnesota Department of Health in a transition to CAH status. This designation has not only provided for enhanced reimbursement under Medicare, but also assists in delivery of quality care to rural residents.
- For many Minnesotans, the primary entry point into the health care system is through the emergency medical system. I have introduced the **Emergency Medical Services Efficiency Act (S. 911)** to bring a common sense approach to issues impacting emergency medical services (EMS). It would assist ambulance services in capturing fair reimbursement under Medicare, streamlining the regulatory and rule-making process and ensuring that EMS agencies are eligible for participation in federal grant programs related to rural development. Elements of my bill are included in the **Patient's Bill of Rights Plus**, legislation now being finalized in Congress.
- Increased use of telemedicine is providing greater opportunities for consumers of healthcare in rural areas. Patients now have access to physicians and technology in cities such as Minneapolis, Rochester or Duluth without having to take a day off from work or travel hundreds of miles to receive care. Although the increased use of telemedicine also poses many policy questions, such as reimbursement and licensure, it holds great potential for patients and providers alike.
- Another issue of concern to all Minnesotans is the cost of prescription drugs. To address this problem, I have introduced the **Medicare Ensuring Prescription Drugs for Seniors Act (S. 1535)**, which establishes an outpatient prescription drug benefit under Medicare Part B. My plan would eliminate premiums for those with an income below 135% of poverty, while necessitating a 25% co-pay. For those above the 135% threshold, a \$150/month deductible would be required with a 25% co-pay. This legislation is a step in the right direction to provide

senior citizens access to prescription drugs without raising Medicare premiums.

- I also support appropriating an additional \$150 million to consolidated health centers. There are 56 of these non-profit centers in Minnesota, and last year they provided medical care to approximately 125,000 people. Because they are located in unserved or underserved rural and urban areas, these are facilities we simply cannot afford to lose.
- I am a co-sponsor of the **American Hospital Preservation Act (S. 2018)**, which provides relief to hospital inpatient services by reducing the scheduled cuts in 2001 and 2002 to the annual inflation rate adjustment. Hospitals will now realize the same annual “cost-of-living” adjustment that Social Security recipients receive. Passage of this legislation will provide protection against the rapid rise in health care costs that Minnesota hospitals currently face.

Revitalizing Rural America

We must also look beyond problems specific to farmers to how we can ensure rural America, including our many small towns, can improve the quality of life for those who live there - and those who want to move back to a quieter lifestyle but lack opportunities. We need to look for ways to revitalize rural America and must not forget our rural communities when we consider education, health care, transportation, public safety and telecommunications. These, and many other issues, must not be ignored when rural policies are debated.

- I have introduced the **Rural Revitalization Act (S. 1859)**, which provides tax incentives for companies to invest in rural areas, jobs to revitalize the economy, and employment opportunities for farmers who need temporary or permanent work to help them keep the family farm.

Rural Telecommunications

I am proud to have supported the 1996 Telecommunications Act. The technology encouraged by this legislation has promoted education and training through greater use of distance learning. Telemedicine has also made access to health care services easier and more affordable. Our farmers have greater access to global market information, as well

as important data provided by the Department of Agriculture. The Act has also preserved the cornerstone of rural telecommunications policy - universal service assistance.

As a member of the Congressional Internet Caucus, I have worked to bridge the “digital divide” and promote access to technology and high-speed, broadband Internet service by Minnesotans in rural areas. High-speed Internet service is a key to improved economic development and is vital to Minnesota’s farmers, schools, libraries, hospitals, local governments and businesses. That is why I have co-sponsored the following pieces of legislation:

- **The New Millennium Classrooms Act (S. 542)**, which will increase the tax deduction for companies donating usable, up-to-date computers to local schools. This legislation will increase the amount of computer technology donated to schools and help our children prepare for the high-tech jobs of the future.
- **The FASTNET Act (S. 2572)**, which will promote the deployment of advanced telecommunications services by relieving small telephone carriers that service rural communities of burdens associated with federal regulations. Enactment of this legislation will allow companies to invest more of their capital and resources into providing broadband services to rural areas.
- Legislation to repeal the federal telephone excise tax (**S. 2330**). This tax was first established in 1898 to fund the Spanish-American War but has since become an unnecessary cost and obstacle to consumer access to the Internet.
- **The Universal Service Support Act (S. 2476)**. This legislation will repeal regulatory caps imposed upon the Universal Service Fund and allow additional assistance to high-cost, rural areas of Minnesota that are difficult to serve. This will encourage the expansion of advanced telecommunications services into rural communities.
- **The Launching Our Communities Access to Local Television Act (S. 2097)** would also benefit rural Minnesotans by establishing a federal loan guarantee program to encourage the transmission of local television programming into rural Minnesota communities. I am very

pleased the Senate unanimously approved my amendment to this bill that expands the pool of eligible lenders to include the Cooperative Finance Corporation. This corporation currently lends to rural electric and telephone cooperatives and has experience providing financing for projects in rural areas.

Conclusion

As my **Farm and Town Empowerment Plan** indicates, it is important that we not only provide immediate assistance but also use the existing tools available to the Administration and Congress to deal with these issues. We must also move away from short-term band-aids and must have a fair and honest debate concerning the direction we want farm policy to take in the United States.

Details of these and other proposals may be obtained by contacting my Washington, D.C. or Anoka, Minnesota office or accessing my web site at grams.senate.gov.

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